

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION

AUTOMOBILE INSURANCE AFFORDABILITY HEARING

Bay City City Hall  
301 Washington Avenue, Bay City, Michigan  
November 12, 2008, 4:00 p.m.

APPEARANCES:

Hearing Panel:

MR. MELVIN BUTCH HOLLOWELL, CHAIR  
State Insurance Consumer Advocate

MR. MICHAEL BUDA, CO-CHAIR  
Former Mayor of Bay City

MR. JOE GARCIA, CO-CHAIR  
Chief of Staff, Office of Financial  
and Insurance Regulation

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1 Bay City, Michigan

2 Thursday, November 12, 2008 - 4:00 p.m.

3 MR. HOLLOWELL: Mr. Mayor, I think we're ready.

4 MR. BRUNNER: Ladies and gentlemen, I'd like to  
5 welcome you to our beautiful City Hall. How many folks are  
6 in this building for the first time?

7 (Show of hands)

8 MR. BRUNNER: Yeah. Well, I mean, people always  
9 remark about how nice it is that folks like Mike Buda,  
10 former mayor, made the decision not to tear it down. I  
11 don't know if Mike was part of that decision in the 70's.  
12 Mike's been around the city government for along time.

13 But welcome. And just a little bit about the  
14 seminar, I don't know a tremendous amount. That's all I  
15 know. I was contacted by Phil Phillips from the governor's  
16 office as far as possible that we could hold these hearings.  
17 And we are certainly very happy to do so. My name is Mayor  
18 Charles Brunner. I don't know if I mentioned that already.

19 (Audience applause)

20 MR. BRUNNER: I'm the welcoming committee. So  
21 welcome. And who said in government you don't have an  
22 opportunity to be heard? Because today is your day to be  
23 heard on auto insurance issues. So, Butch, are you going to  
24 take over from there?

25 MR. HOLLOWELL: I am. Thank you so much, Mayor.

1 I really appreciate --

2 MR. BRUNNER: My pleasure.

3 MR. HOLLOWELL: -- your allowing us to be in your  
4 beautiful facility. And you're right. It just says so much  
5 about the character of Bay City. And so we're just thrilled  
6 to here. So thank you so much for your graciousness.

7 MR. BRUNNER: Very happy to have you, and all of  
8 you.

9 MR. HOLLOWELL: Thank you. And also Debbie Buck  
10 also from City Hall has worked with us on getting this  
11 together, and we just appreciate her so much.

12 And again, this is the Auto Insurance  
13 Affordability Hearing for the State of Michigan, the Mid  
14 Michigan hearing. And we're going to be focusing on just a  
15 couple of things today. I want to do a couple housekeeping  
16 chores before we get started. Number one, restrooms: There  
17 is a ladies restroom just right outside, and the men's  
18 restroom is down the hall just past the elevator over there  
19 to my left. Second thing, I know you probable already  
20 checked, but if you could just double-check to make sure  
21 that your cell phones are put on silent throughout the  
22 hearing, we would appreciate that very much. Sometimes you  
23 think they're off and they're actually not. And so that  
24 would be a good thing for all of us.

25 And I also want to thank the co-chairs for today's

1       hearing. All of you know, I'm sure, former mayor Mike Buda,  
2       who has been a great advocate for consumers his entire  
3       public career. And also Joe Garcia to my right. Joe serves  
4       as the chief of staff for the Department of -- or the Office  
5       of Financial and Insurance Regulation in the State of  
6       Michigan.

7               So we will be hearing from two experts; one from  
8       the industry, one from the consumer side. Each will have  
9       about ten minutes. And then after that we want to hear from  
10      you. You've taken time out of your busy schedules, and so  
11      we want to really focus on you and why you're here. The  
12      reason that we're having these hearings is because we want  
13      to be able to get as much information as we can so that I  
14      can put together a report for the governor as it relates to  
15      what it is that we need to do relative to the auto insurance  
16      system that we have here in Michigan.

17             And we're focusing on two questions -- not the  
18      waterfront -- just two questions. Question number one, "Are  
19      Michigan's auto insurance rates affordable?" Question  
20      number two, "Has Michigan's deregulation of the insurance  
21      industry allowed for adequate oversight of company rates?"  
22      So those are the two questions.

23             Now, before we get started I'm going to give you a  
24      little background on no-fault. Let's see if I can make this  
25      work. We've been with no-fault since 1973. I was a

1        freshman at U of D High School in 1973. And in the early  
2        70's there were 16 states that adopted no-fault, and  
3        Michigan was one of them in 1973. And so my class was one  
4        of the first classes that began, you know, under the  
5        no-fault system. So in '73 -- you know, that's kind of  
6        faint. Maybe if we could hit that light right behind you so  
7        it might show up just a little bit better. I think that's a  
8        little better -- the idea came from a law professor that I  
9        had at the University of Virginia, Jeffrey O'Connell. And  
10       the idea was the famous promises of no-fault are, number  
11       one, it's a simple system. I did go to Catholic school, but  
12       my handwriting is not so good, so bear with me, please. It  
13       is a simple system. You do not have to sue somebody to get  
14       your benefits. You can go directly to your insurer, and so  
15       that's the simple part of it.

16                    Promise number two, is we will make you whole.  
17       That is, if you are involved in an accident, we will make  
18       you whole. That was kind of Governor Milliken's  
19       contribution to the equation relative to the benefits if you  
20       are injured. And number three, does anybody remember what  
21       the third promise of no-fault was? Lower rates. Lower  
22       rates was. These were the three famous no-fault promises.  
23       And in exchange for that, consumers were asked to say, "All  
24       right. Simple system, we'll make you whole, reduced rates.  
25       But now you must give up the right to sue unless death or

1           serious impairment, very serious injury. And number two,  
2           you are now required to have insurance."

3                       So you had to take a look at -- okay -- it's a  
4           simple system, they make you whole, you have reduced rates.  
5           And in exchange I give up the right to sue. And now we're  
6           required and held in by the government so that you must have  
7           this insurance. And most Michiganians thought that that was  
8           a fair trade, so no-fault passed. But something happened.  
9           There was a twist after no-fault passed. Rates didn't go  
10          down. They went up. And so now we have a system where you  
11          are essentially -- you're required to have the insurance,  
12          but yet its rates have gone up.

13                      So in 1978 the Supreme Court weighed in on the  
14          issue. And Soapy Williams -- you remember him? He was with  
15          the bowtie and the polka dots? He was the Chief Justice  
16          back then, and he said and the Supreme Court said you can't  
17          have a system of insurance where you require people to have  
18          this insurance without making sure that the rates are  
19          affordable to the consumer. And the definition that the  
20          Supreme Court used was fair and equitable to the consumer.  
21          So in 1978 the Supreme Court of Michigan ruled no-fault was  
22          unconstitutional. And they said to the legislature, "You  
23          come back with a definition that fixes it; that comes back  
24          with a definition that insures this affordability."

25                      Now, the legislature did come back, but what they



1        did is their definition of affordability says reasonable  
2        competition among insurers. So as opposed to looking at it  
3        from the consumers' standpoint, the legislature did that.  
4        And so now what we have is a strange situation. We've  
5        really got two definitions of affordability in Michigan.  
6        One is from the Supreme Court that says it should be fair  
7        and equitable to the consumer. The other from the  
8        legislature says reasonable competition among insurers. And  
9        they live side by side. And in my view, they're at war with  
10       each other.

11                Now, I wanted you to take a look at when the  
12       legislature defined affordability, this is what they did.  
13       This is a 401-word definition that is riddled with loopholes  
14       and exceptions, and it can take you years to read it. But I  
15       wanted you to see exactly what happened. 401 words. And  
16       basically what they're able to do is to say, so long as we  
17       showed that there's competition, that means that rates are  
18       affordable. And again, it's riddled with so many loopholes.  
19       But I wanted to focus on the 401 words for one reason. If  
20       you'd flip to the next screen? The Gettysburg Address was  
21       only 272 words. I mean, saving the entire Union they can do  
22       it in 272 words, and yet here we have a situation where our  
23       definition of affordability that we've been living with in  
24       Michigan for this period of time is 401 words that we can't  
25       get our arms around. In my view, this is a big part of the

1           problem.

2                   And here's the result: Michigan pays some of the  
3           highest rates in the nation. We have an average annual  
4           premium of about \$1,000. We're right on the heels of New  
5           Jersey which is the most expensive at about 1100; the  
6           highest collision premium in the United States, 436; highest  
7           urban premium in the United States, over \$5,000; and a rate  
8           of increase of 69 percent since 1989. We're also looking at  
9           a period of the highest profits of the property and casualty  
10          industry in U.S. history. Now, the only exception was 2001,  
11          and I think you know what happened on September 11th of that  
12          year. But other than that, there's been a very -- it's been  
13          setting U.S. records as it relates to profitability; 63.7  
14          billion in 2006, again set all U.S. records.

15                   Deregulation, rates now cannot be -- rates, once  
16          they're filed by insurance companies, can be raised without  
17          prior approval. So you can grant yourself a raise, if you  
18          want. The commissioner does not have the authority to order  
19          refunds, even if warranted. And the use of how an  
20          individual pays their bills, the level of education that you  
21          have, what kind of job you have can all be used. Now, and  
22          that case is in the courts. There was a good decision on  
23          that by the Court of Appeals recently, and now it's before  
24          the Supreme Court.

25                   So the question is -- why we're here -- is how do

1 we make rates more affordable. And that really does --  
2 that's why we want to hear from the public. We want to hear  
3 from the stakeholders. And with that, we'll get started.  
4 You can flip the lights back on over there.

5 We will start -- I just want to let everybody know  
6 we have a court reporter here. And so once you come to the  
7 microphone, if you again -- hearings reporter. We have a --  
8 I want to make sure that your name is said clearly and so  
9 that we can get it. And anything that you want to have  
10 entered, they can put a label on it and it will be entered  
11 into the record. We have a hearings clerk. She'll take the  
12 testimony cards. And also we'll compile the audience poll  
13 that we passed out. All right.

14 We are going to now start. We're going to have  
15 ten minutes, again, apiece for the expert testimony, and  
16 we'll hear at that podium. We're going to start with Joseph  
17 Olson. And he received his JD, his law degree, from Santa  
18 Clara University, then went to work for Allstate and USAA.  
19 He was vice president and general counsel of Citizens. Then  
20 Governor Engler appointed him to the position of insurance  
21 commissioner for the State, and he served there '95 through  
22 '97. And he was senior vice president and counsel at  
23 Amerisure for a number of years, just retired last year.  
24 And he is the co-founder of the Mackinac Center for Public  
25 Policy. And he was just telling me that they just

1           celebrated 20 years, so congratulations on that. We're  
2           delighted that you're here. So the floor is yours, Mr.  
3           Olson, for ten minutes.

4                   MR. OLSON: Thank you, Mr. Hollowell. This is  
5           like a reunion time. And I hope you'll excuse me if I  
6           occasionally lapse into calling you Butch.

7                   MR. HOLLOWELL: Butch is just fine.

8                   MR. OLSON: That's fine. And you may call me Joe.  
9           And I do no plumbing; not due to a lack of desire, but due  
10          to a lack of ability.

11                  MR. HOLLOWELL: Fair enough.

12                  MR. OLSON: You gave a brief biography there,  
13          which is good. And during part of that time, one of the  
14          employees at the Insurance Bureau was Teri Morante, who  
15          knows me well, because just before I came up here she  
16          cautioned me and said, "Don't start arguing about the  
17          Gettysburg Address." So I will not.

18                  I found the questions to be confronted today  
19          interesting but, in my opinion, perhaps somewhat unlikely to  
20          lead to a solution of whatever problem is being addressed.  
21          I surmise from looking at the Consumer Advocate's website  
22          that the real problem has to do with the level of auto  
23          insurance premiums in the State of Michigan. The first  
24          question asking whether rates were affordable does direct  
25          itself, I think, at the overall level of insurance rates in

1 Michigan. But the use of the term "affordable" opens up all  
2 kinds of possibilities as to whether they are or not. To  
3 use an extreme example, I would say that rates that might  
4 be affordable for Warren Buffett might not be affordable for  
5 the vast majority of society. So a lot of it has to do with  
6 the context in which you're looking at the rates.

7 As Mr. Hollowell pointed out during his  
8 presentation, dealing with the term "affordable" and  
9 "affordability" neither the statute nor the Supreme Court in  
10 the Shavers decision ever used the term "affordable." And I  
11 think they avoided use of the term for good reasons because  
12 of its unlimited flexibility to serve the purposes of  
13 anybody who wants to use it to degrade or appraise the  
14 system. So I would say "yes" and "no" is the answer to that  
15 question. It all depends on your point of view and what  
16 your economic circumstances are.

17 I was a little bit more interested in the question  
18 dealing with deregulation, which when I first saw it, "Has  
19 Michigan's deregulation of the insurance industry allowed  
20 for an adequate oversight of auto insurance rates," I was  
21 tempted to say that, well, it's hard for me to answer the  
22 question of whether or not I've stopped beating my wife.  
23 I'm not sure what -- in reading the question what  
24 deregulation of the insurance industry refers to. But upon  
25 looking again at the website and listening to Mr.

1       Hollowell's comments today, it does appear that his concern  
2       and underlying this question is the change in Michigan  
3       insurance code that took effect in 1981, which amended the  
4       definitions of the criteria for insurance rates; that they  
5       not be excessive, inadequate or unfairly discriminatory.  
6       And in the process of amending those, the legislature also  
7       changed from the old system under which rates had to be  
8       filed in advance to be approved by the commissioner. And if  
9       they weren't, if no action was taken in 30 days, it would be  
10      deemed approved to one in which the insurance companies  
11      could file the rates and begin to use them.

12               Now, in a vacuum, that might appear to be  
13      deregulation, but that was part of an enormous Act which was  
14      passed in response to the Shavers decision, called the  
15      Essential Insurance Act, which in addition to those changes  
16      in the definition of the criteria for insurance rates and in  
17      the filing system, also dramatically reduced the way  
18      insurance companies could price and underwrite their  
19      business. Now, the price I mean the rates.

20               The Act prohibited the use of certain criteria  
21      which would be used by insurance companies for years in  
22      classifying risks. And they classified them into one  
23      category or another and charged different rates for those.  
24      For years and it still goes on in most of the country today  
25      classification, especially in the younger ages, was done by

1 sex and by marital status, because there was unimpeachable  
2 data showing that males had higher frequencies in the  
3 younger ages and that married males had lower frequencies.  
4 That was prohibited. Then the legislature provided a long  
5 list of criteria upon which rates classifications could be  
6 based. It authorized the continued use of territory as a  
7 basis for rating, but it placed such restrictions upon it  
8 that the inevitable result was that, even with all the ways  
9 that the insurance industry found to adjust itself to it,  
10 that the net result was that at least for some companies  
11 rates in rural or suburban areas had to be higher to pay the  
12 costs of lower rates in urban areas.

13 From an underwriting point of view that is a  
14 decision of whether or not to issue a policy to a person.  
15 Companies had pretty much unlimited discretion prior to  
16 that. This limited their discretion to the use of certain  
17 underwriting rules and the criteria for which those rules  
18 could be based was listed in the statute. And anyone who  
19 met the rules filed by the insurance company had to be  
20 issued a policy. That's the so-called take all comers  
21 provision. Considering what was a dramatic -- and it's  
22 still regarded in the rest of the country as a dramatic  
23 interference in the ordinary insurance marketplace -- the  
24 legislature decided -- and frankly it was two of the leading  
25 Democrats in the House, both of whom I -- for whom I still

1       have great admiration because of their integrity and  
2       knowledge of this who decided that, considering all that had  
3       been, there didn't seem to be any way the market could  
4       function if in addition to meeting all these requirements  
5       companies still had to file their rates and wait for  
6       approval by the commissioner.

7               So the tradeoff in the sense for these dramatic  
8       changes was a filing new system for rating. So I guess to  
9       call that Act deregulation seems to be a bit Orwellian,  
10      considering that was the only deregulatory portion of an  
11      Act. And I've omitted a number of criteria and facts that  
12      are in there imposing additional constraints on the  
13      industry.

14             But that does lead to an interesting phenomenon in  
15      which I sort of see in the way these hearings appear to be  
16      gathering information which is the focus appears to be on  
17      classification criteria to this very day. That is how you  
18      divide up the cost of insurance between various groups.  
19      There's been talk about changing territorial rating, because  
20      people in urban areas are paying too much. Well, that was  
21      the old -- that is true. They are paying more than they  
22      used to, because the legislature repealed the territorial  
23      rating restrictions in the 90's because they simply weren't  
24      working. Even to achieve their limited purpose of limiting  
25      the spread between rates, because there were companies who



1       wrote mostly in urban areas, mostly in urban (sic) areas,  
2       and the spread of rates was dramatic.

3               It seems to me that the concern is about the rates  
4       that people are paying. It ought to be considered the  
5       overall level of rates and what the total premiums are. The  
6       total premiums are those necessary to the industry as a  
7       whole to collect enough dollars to pay the claims its going  
8       to incur and the expenses its going to incur in a given  
9       year. Inevitably, rates are going to follow those costs.  
10      In the short-term they can vary due to market conditions and  
11      the degree of competition, but ultimately that's what  
12      determines the level of insurance rates. And the only way  
13      to reduce insurance rates rather than just to spread the  
14      cost around between different groups based upon the  
15      political strength of those different groups is to reduce  
16      costs.

17             When it comes to costs in Michigan, when you look  
18      at the total premiums, roughly 60 percent of the premiums  
19      are paid for physical damage coverages like collision and  
20      comprehensive. That will vary from company to company. 40  
21      percent of the coverage, the premiums, are mandated by the  
22      no-fault law, the bodily injury and property damage  
23      liability, personal injury protection and property  
24      protection insurance. The property damage liability is  
25      really only for out-of-state events, because there's

1 liability for property damages for automobiles has been  
2 abolished in Michigan.

3 By far the largest element of the costs of this  
4 mandatory coverage is personal injury protection, and that's  
5 mostly driven by medical costs. There's no doubt that the  
6 thing that is causing costs to increase most in Michigan is  
7 the cost of PIP, and that's the underlying cause of that is  
8 the increase in medical costs as we know about across the  
9 country. If we're going to control the total cost of  
10 insurance in Michigan, putting aside collision and  
11 comprehensive and what can be done about those -- which is  
12 an issue I don't think is for today, but I'd be happy to  
13 speak for more than ten minutes on that subject -- we've got  
14 to reduce the medical costs or reduce the PIP.

15 Now, proposals have been made and so far have been  
16 rejected. One is to make personal injury protection  
17 optional. Today it has an unlimited medical. Should people  
18 be able to choose lower limits? Well, there's an uprising  
19 against that from a lot of different points of view. And  
20 so, okay, so you don't do it. That doesn't change the fact  
21 that the costs are still there and have to be paid if it's  
22 unlimited.

23 I think sometimes myself, and this seems sort of  
24 perhaps a fantasy, that why not just repeal the requirement  
25 of all the coverages in no-fault be mandatory but continue

1           to require insurance companies to offer them. That would  
2           result for people who chose not to buy those coverages in a  
3           40 percent reduction. And that's a good number, because 40  
4           percent is the amount of tax credit that out-of-state movie  
5           producers get for putting on films in Michigan for the money  
6           they spend here. So I think that 40 percent of movie  
7           producers and 40 percent for Michigan insurance consumers  
8           isn't such a bad deal. Thank you very much.

9                   MR. HOLLOWELL: Thank you. Thank you very much,  
10          Mr. Olson. Let me ask you a question. You talked about  
11          Warren Buffett, and I was intrigued by that in terms of the  
12          first part of the conversation relative to affordability.  
13          Does an individual's ability to pay have anything to do with  
14          the situation, in your view?

15                 MR. OLSON: I'm sorry?

16                 MR. HOLLOWELL: Does the consumer's ability to  
17          pay -- to be able to pay the insurance that's offered, is  
18          that -- should that be a part of the equation, in your  
19          opinion?

20                 MR. OLSON: Well, I do not believe that should be  
21          part of the equation in terms of the regulation or the laws  
22          which govern the development of insurance rates. That's not  
23          to say that that is not an issue that government ought to  
24          address in a way that doesn't distort the operation of an  
25          insurance market.

1                   MR. HOLLOWELL: I didn't understand that. You're  
2 saying that the government should be involved and then it  
3 shouldn't be involved.

4                   MR. OLSON: Well, what I said, again, was that  
5 that should not be a factor whatsoever in the regulation of  
6 insurance rates. Because insurance rates develop the prices  
7 for insurance where -- are an invaluable mechanism for  
8 setting forth the allocation of scarce resources and what's  
9 needed and what isn't needed by the public. But  
10 nonetheless, one has to be concerned about a law which  
11 mandates the purchase of insurance. And you see, I have a  
12 concern. I'm quite happy -- many companies would be happy  
13 in eliminating all mandates. Given the fact that there are  
14 mandates for insurance and some people would have a greater  
15 difficulty paying for that insurance than others, the  
16 government who has mandated the purchase perhaps has a duty  
17 to provide some assistance to those people in dealing with  
18 the costs which are -- I hate to use this term, but I will  
19 just for the sake of effect -- unaffordable to them.

20                  MR. HOLLOWELL: What does that mean? I mean, what  
21 does "assistance" mean in that regard?

22                  MR. OLSON: Well, how about one -- how about  
23 insurance stamps?

24                  MR. HOLLOWELL: I don't know what that means.

25                  MR. OLSON: Well, we have food stamps today in

1       which people are able to use food stamps. It's now in the  
2       form of a credit card. I realize the concept is the same.  
3       If government feels that it needs to provide aid to people  
4       to buy food, which by the way they aren't mandated to  
5       purchase by government but government mandates that people  
6       buy insurance and the cost is determined to be too high for  
7       certain people, then why shouldn't those people look to  
8       government for assistance in that? That assistance can be  
9       provided at a lot less expensive cost to the whole societal  
10      system and the insurance market by just handling it through  
11      a subsidy, a payment, along those lines than by suppressing  
12      the rates which will have to be charged based upon the  
13      exposure to loss.

14               MR. HOLLOWELL: Mr. Chief of Staff, Mr. Mayor, any  
15      questions for the witness?

16               MR. BUDA: Well, I had one concern in regard to  
17      medical costs you said to limit -- to put a limit on  
18      medical. Do you have -- the severity of some injuries  
19      would, of course, require greater expense than if you just  
20      had a broken arm. If you're a paraplegic, of course, you  
21      know that that would be considerably more. How would you  
22      put a limit? How would you advocate putting such limits or  
23      how would you go about that?

24               MR. OLSON: Well, there's legislation pending  
25      which would achieve exactly that. And I haven't reviewed it

1 recently, but essentially instead of saying that all  
2 necessary expenses arising from an injury in an automobile  
3 accident will be paid under the personal injury protection  
4 coverage, it will say up to \$1 million, \$5 million, whatever  
5 the numbers are. And theoretically under a system like that  
6 individuals could have the right to choose among the limits  
7 and they could continue I think in the proposals that are  
8 pending to purchase unlimited medical coverage for that.  
9 There's no doubt the cost can be extremely high. But I'd  
10 point out to you that Michigan is the only state in the  
11 country that has unlimited medical benefits for no-fault for  
12 automobile accidents under this no-fault law, and yet  
13 somehow the other 49 states manage to stagger through and  
14 get medical treatment for the people injured in automobile  
15 accidents in spite of the fact that they can't go to their  
16 insurance company and get all of their medical care taken  
17 care of.

18 MR. HOLLOWELL: Do you have any questions?

19 MR. GARCIA: No.

20 MR. HOLLOWELL: Thank you so much. Appreciate it,  
21 Mr. Olson.

22 MR. OLSON: Thanks so much.

23 MR. HOLLOWELL: Next we will hear from Mr. Birney  
24 Birnbaum, and he is an expert nationally. And he is the  
25 executive director of the Center for Economic Justice. He

1 has a long history of working on behalf of consumers on  
2 insurance issues. Before his work with CEJ, he was the  
3 associate commissioner for policy and research. And he  
4 served as the chief economist for the Texas Department of  
5 Insurance. And he's provided expert testimony in numerous  
6 proceedings regarding insurance rates and availability. He  
7 holds a degree from the Massachusetts Institute of  
8 Technology in management and urban studies and planning.  
9 He's one of just a handful of national consumer advocates  
10 that work with the NAIC. And he's on the NAIC's board of  
11 consumer trustees. And NAIC is National Association of  
12 Insurance Commissioners, and it's based in Austin, Texas.  
13 Mr. Birnbaum, thank you for being here. And please begin.

14 MR. BIRNBAUM: Thank you for inviting me to speak.  
15 My name is Birney Birnbaum. I've been retained by the  
16 Insurance Consumer Advocate to analyze and report on the  
17 State of Michigan's auto insurance market and the system for  
18 regulating auto insurance and providing consumer protection.

19 I'd like to summarize my main conclusions. First  
20 is that the cost of auto insurance in Michigan places a  
21 significant financial burden and is unaffordable for a large  
22 and growing portion of Michigan consumers. The problem is  
23 not because of no-fault insurance and it will not be solved  
24 by cutting no-fault coverage. Insurers should not be  
25 responsible for solving broader economic problems in

1       society, but the sale of auto insurance should not penalize  
2       those experiencing economic hardships. Yet because of the  
3       way insurers rate insurance policies, insurers are in fact  
4       penalizing middle class Michiganians with unfair and  
5       excessive auto premiums.

6               The current system of lax regulatory oversight,  
7       deregulation, does not provide meaningful or sufficient  
8       consumer protection. In the same way that deregulation led  
9       to abusive mortgage lending and the financial crisis, the  
10      deregulation of auto insurance has led to market failures  
11      and a lack of affordability for a large number of consumers.  
12      The answer to problems of auto insurance affordability is  
13      not to eliminate essential coverage, which is exactly what  
14      the so-called limited no-fault option does, rather the  
15      solution to the affordability problems is to enact  
16      meaningful regulatory oversight over policy forms, rates and  
17      risk classifications and to prohibit unfair rating factors  
18      based on economic status, and to promote rating factors  
19      which empower the consumer, such as pay by the mile auto  
20      insurance, in which will spur true competition in auto  
21      insurance markets.

22              Okay. A little bit of an overview. As the  
23      consumer advocate talked about, Michigan's average auto  
24      premium is relatively high. Now, the latest numbers from  
25      the NAIC say that the average premium is \$925, which is 13th



1 highest, compared to the U.S. average of \$817. So Michigan  
2 overall is a lot higher than the national average. And  
3 since 2001 the increase has been over 26 percent compared to  
4 only 12 percent nationally. So the numbers are high and  
5 getting higher.

6 In terms of the burden, while the average  
7 expenditure is 13th highest, in 2004-2005, government  
8 figures say that Michigan had the 27th highest median  
9 household income. So not the 13th highest, but the 27th  
10 highest. So while Michigan is in the middle in terms of  
11 median household income, it's closer to the top in terms of  
12 auto expenditures.

13 Now, another way that the burden or the  
14 unaffordability of auto insurance on average can be shown is  
15 that Michigan has a higher uninsured motorist rate than the  
16 country on average. The Insurance Research Council in 2004  
17 showed the U.S. at 14 percent and Michigan at 17 percent.  
18 Now, averages really don't tell the whole story. The fact  
19 that a few consumers pay the average doesn't tell us what  
20 the large numbers of consumers are paying. And large  
21 numbers of consumers are clearly paying more than the  
22 average, and in many cases much more than the average.

23 Now, we used to think that high auto insurance  
24 premiums were for bad drivers; people who have had a lot of  
25 accidents or driving violations; but that's really not the

1 case anymore. Insurers are using a host of rating factors  
2 that penalize consumers for economic conditions. Before I  
3 get into those particular factors, let's look at some of the  
4 economic conditions. In 2007 Michigan ranked third highest  
5 in foreclosure rates. Almost 2 percent of homes just in  
6 2007 made foreclosures. Since 2005 300,000 foreclosures  
7 have been made, and 200,000 filings just since 2007. The  
8 most recent unemployment statistics put Michigan at number  
9 two at 8.7 percent. This year alone there have been 80,000  
10 net jobs lost.

11 In terms of homeowners equity, 46.6 percent of  
12 mortgages have negative or near negative equity, which means  
13 there's more owed on the mortgage than the home is worth,  
14 almost half of the homes in Michigan. That 46.6 is twice  
15 the national average; it's second highest in the nation.  
16 Michiganians have the second lowest net homeowners equity of  
17 only 15 percent, which of course means that there's very  
18 little room for catastrophic issues.

19 Now, given these economic indicators, even fairly  
20 priced auto insurance would be a challenge for middle class  
21 Michigan consumers. But because of lax or no regulatory  
22 oversight of how insurers use auto rating factors, insurers  
23 are penalizing middle class consumers because of economic  
24 conditions outside of the consumer's control, using things  
25 like credit score. Now, what are some of the things that go

1           into your credit score? Well, certainly some of it is  
2           whether you pay your bills on time, but a lot of what goes  
3           into your score is the ratio of your debt to your limit.  
4           Well, as people become unemployed and they use their credit  
5           cards more and they rely more on debt, those go up.  
6           Foreclosures, that means more public notice. So credit  
7           scores and credit histories are deteriorating which means  
8           that insurers are getting higher premiums even without  
9           changing rates. Insurers also use employment and education  
10          factors. They use other factors that are tied to economic  
11          status, such as prior bodily injury limits and prior  
12          insurance carriers and household composition, the number of  
13          drivers versus vehicles. So they punish consumers who try  
14          to economize by getting rid of a vehicle and have two  
15          drivers with one car.

16                 What's missing are rating factors rated towards  
17          driving record and miles driven. Consumers who are driving  
18          many fewer miles because they've lost their job or because  
19          of high gas prices should see immediate reductions in  
20          insurance premiums. But with the current rating system, if  
21          the consumer sees any reduction at all it will be in the  
22          future.

23                 Now, as I said before, insurance companies  
24          shouldn't be in the position of solving economic problems in  
25          society, but they shouldn't be penalizing consumers for

1           those economic problems, and that's what the situation is  
2           now.

3                       And what we have is a failure of the current  
4           regulatory system, which is a failure of deregulation.  
5           There are three types of -- there are three aspects of  
6           deregulation. One is policy forms, which is the product  
7           itself; overall rates; and the third is risk factors or  
8           rating factors. In terms of forms, there's virtually no  
9           regulation at all. The forms don't even have to be filed.  
10          These are complex legal documents. The idea that consumers  
11          don't need somebody skilled like a regulator to look at  
12          those documents and determine that they are fair is absurd.  
13          And the other thing about it is is that the amount of  
14          coverage and the nature of the coverage is intimately tied  
15          to what's a fair rate. So if you have no oversight over the  
16          product, then how can you determine whether the rates are  
17          fair?

18                       In terms of overall rates themselves, the statutes  
19          says that the commissioner cannot do anything unless he or  
20          she first finds that there's no competition or there's a  
21          lack of competition. Now, let me touch on that. That's  
22          truly not only absurd but unworkable. It presumes that in  
23          a, quote, "competitive market" no insurer could possibly  
24          charge an excessive rate. Well, let me give you some data.  
25          In 2007 the loss ratios for auto physical damage -- and when

1 I say the "loss ratio," this is the amount of dollars paid  
2 out in claims as a percentage of the premium. And 70  
3 percent is a minimum for what the claim payout should be.  
4 70 percent means that you're paying out in claims but you're  
5 making enough between investment income and underwriting  
6 profit that you make a reasonable rate of return. In 2007  
7 Allstate paid out 43.6 percent, Auto Club 54.4 percent, and  
8 State Farm 72.4 percent. Now, how can you have a range of  
9 30 percentage points and all those rates are reasonable?  
10 Was that an anomaly? No. In 2006 Allstate only paid out  
11 41.6 percent, Auto Club was at 52.8 percent, State Farm 65.9  
12 percent. Yes?

13 MR. HOLLOWELL: One more minute.

14 MR. BIRNBAUM: Okay. So again, it should be  
15 obvious that somebody should be looking at Allstate's rates.  
16 And you don't -- you shouldn't need to make this grand  
17 determination that there is, quote, "no competition in the  
18 marketplace."

19 Now, in the last hearing I talked about the unfair  
20 rating factors. And again, this is a problem. In theory  
21 the statute says that you can only use a certain number of  
22 rating factors for auto insurance, and yet there seems to be  
23 this loophole that says you can use anything else as long as  
24 it's, quote, a discount. Except insurers have never  
25 demonstrated that these rating factors are in fact discounts

1           that they result in lower expected claim costs. So when you  
2           put all three of those together, you have basically a  
3           regulatory system where there's no oversight, basically it  
4           says we have complete faith in the market, and yet there are  
5           clear market failures. And what we've seen in the, you  
6           know -- in the mortgage market it makes clear and even Alan  
7           Greenspan has admitted is that you can't rely simply on  
8           market forces to protect consumers.

9                   MR. HOLLOWELL: All right. That's ten minutes.  
10          Thank you, Mr. Birnbaum. I have a couple of questions, and  
11          I'm going to go straight to the heart of the purpose of the  
12          hearing. Number one, "Are Michigan's auto insurance rates  
13          affordable" in your opinion?

14                 MR. BIRNBAUM: No. For a large and growing  
15          segment of population, no.

16                 MR. HOLLOWELL: And number two, "Has Michigan's  
17          deregulation of the insurance industry allowed for adequate  
18          oversight of company rates," in your opinion?

19                 MR. BIRNBAUM: As I explained, no.

20                 MR. HOLLOWELL: All right. I want to defer. Do  
21          you have any questions, Mr. Mayor, Mr. Chief of Staff?

22                 MR. BUDA: Well, one thing that struck me by both  
23          of the presenters is the fact that they both advocated some  
24          sort of rates by class rather than the existing system  
25          that's presently used. So I'm just wondering, you both seem

1 to be in agreement on that, which is not allowed in the  
2 State of Michigan. Is that something that you think needs  
3 to be brought back?

4 MR. BIRNBAUM: Well, I'm not quite -- I'm not sure  
5 I quite understand your question, because I disagreed  
6 strongly with the previous witness. So I think that there  
7 should be rating factors, and I think the ones that are  
8 specified in statute are reasonable. I think that the ones  
9 that come under the sort of get out of jail free card, you  
10 know, the discounts, are the ones that are the problems. So  
11 maybe I'm not understanding your question.

12 MR. BUDA: Well, it just seemed like you said by  
13 class was if a person had a bad driving record or was single  
14 rather than married, you know, a young male who was single,  
15 the rate before used to be higher -- I used to be one of  
16 those -- and then the person that's married, so by taking  
17 different classes rather than advocating credit rating and  
18 stuff of that nature.

19 MR. BIRNBAUM: Yeah. Okay. Well, let me try  
20 answering it a different way. Basically, I don't think  
21 anyone believes that in terms of auto insurance everyone  
22 should pay the same rate. There are demonstrable  
23 differences based on where you live, based on the kinds of  
24 car you drive, based on your driving habits, your driving  
25 history in terms of the cost that you impose on the system.

1           So I'm certainly not advocating for one average rate.

2                       And in fact, one of the most important roles of  
3           the insurance system is to promote loss prevention, to  
4           provide incentives for less risky behavior and disincentives  
5           for more risky behavior. That's like things like discounts  
6           for auto theft prevention devices and surcharges for  
7           speeding are not only fair but they make good public policy  
8           sense because they promote safer driving.

9                       The distinction that I make from what the industry  
10          practice is that for the industry anything that they can  
11          remotely associate in any kind of statistical manner with a  
12          difference in claim or expenses is fair game for them. So  
13          if they can come up with some kind of black box credit score  
14          that they say differentiates consumers, then it's okay.  
15          From my perspective, that's not okay. It doesn't do  
16          anything to promote loss prevention and it penalizes those  
17          consumers who already are having the hardest time affording  
18          insurance. So the risk classification is really a critical  
19          public policy decision. There's no God-given way to  
20          distribute premiums across consumers. Those are all policy  
21          decisions. And what the industry would have you believe is  
22          that they're the ones who are in the best position to make  
23          that choice. And the fact of the matter is they make bad  
24          choices all the time. There needs to be oversight of that.  
25          And I think the legislature has attempted to do that, but



1           there's this problem in the statute that insurers are  
2           basically using to swallow the restrictions whole.

3                     MR. BUDA:   Thank you.

4                     MR. HOLLOWELL:   Jim?

5                     MR. GARCIA:   I don't have anything.

6                     MR. HOLLOWELL:   I have one other question.   And  
7           that is Mr. Olson testified to something that was  
8           interesting.   He said that companies cannot function if they  
9           have to file rates ahead of time.   So what we're talking  
10          about is a system where we have here in Michigan you can  
11          file a rate increase and it's not approved ahead of time by  
12          the -- by the Office of Financial Insurance Regulation.   And  
13          he says that companies cannot function if they have to file  
14          rates ahead of time.   What do you make of that?

15                    MR. BIRNBAUM:   Well, it's demonstrably incorrect.

16                    MR. HOLLOWELL:   Why?

17                    MR. BIRNBAUM:   There are a number of states where  
18          there's either prior approval or filing use where you have  
19          to file it 30 days or more before you use the rates and the  
20          regulator has an opportunity to review the rates before they  
21          go into force.   And so, you know, other states' insurance  
22          markets work.   California is a good example.   California has  
23          a prior approval system.   California has strict restrictions  
24          on auto rating factors, and yet California has seen some of  
25          the best improvements in auto insurance premiums over time

1           and has very rigorous competition. So I think that that's,  
2           you know -- the idea that an insurance market couldn't work  
3           with prior approval of rates or filing use giving the  
4           regulator real authority to disapprove rates as opposed to  
5           the current situation is simply not correct.

6                     MR. HOLLOWELL: Thank you, Mr. Birnbaum, very  
7           much.

8                     (Audience applause)

9                     MR. HOLLOWELL: Teri, is Mr. Olson still here?

10                    MS. MORANTE: I think he had to leave.

11                    MR. HOLLOWELL: All right. Now, he left with me a  
12           document called Initial Analysis of the Michigan Auto  
13           Market. And did Mr. Olson want that entered into the record  
14           as --

15                    MS. MORANTE: I think he did, yes.

16                    MR. HOLLOWELL: He did? All right. And so, Madam  
17           Clerk, you have that?

18                    MS. MILLER: Yes, we do.

19                    MR. HOLLOWELL: And it's been marked as an  
20           exhibit.

21                    MS. MILLER: Yes, it has.

22                    MR. HOLLOWELL: All right. And is there anything  
23           else that he would want to have in the record for us to be  
24           considered?

25                    MS. MORANTE: I don't think so. Not tonight.

1 MR. HOLLOWELL: Okay. And if so --

2 MS. MORANTE: There may be more in --

3 MR. HOLLOWELL: And just let us know. Okay?

4 MS. MILLER: Correction. We do not have Mr.  
5 Olson's testimony.

6 MR. HOLLOWELL: You mean this document?

7 MS. MORANTE: He did submit written testimony. He  
8 just was submitting that one document.

9 MS. MILLER: The document -- we do not have the  
10 document.

11 MR. HOLLOWELL: Okay. All right. Well, then, if  
12 we could have that? Thanks very much.

13 MS. MORANTE: Thank you.

14 (Exhibit 1 marked)

15 MR. HOLLOWELL: And just let us know if there's  
16 anything else. Okay?

17 MS. MORANTE: Thank you.

18 MR. HOLLOWELL: All right. And, Mr. Birnbaum,  
19 also if there's any document, any testimony that -- or other  
20 report that you wanted us to have entered into the record?

21 MR. BIRNBAUM: Yes.

22 MR. HOLLOWELL: Okay. So if you'd just make sure  
23 that that's made available to us, we'll have it marked. And  
24 what will happen, Everybody, is that all of this testimony  
25 which is being recorded by our court reporters and all the

1 documents are going to be scanned in on the website so  
2 you'll be able to review it as we get it onto the site. All  
3 right. Now I'm going to open this up for public comment.  
4 And again, as you come forward, if you'd do the court  
5 reporters a favor and make sure that you state your name  
6 clearly and that you spell it so that we can get it right.  
7 And I'm going to start with Robert Radatz. Mr. Radatz? And  
8 if you could just speak right here from the podium?

9 MR. RADATZ: Sure.

10 MR. HOLLOWELL: Thank you. Before you begin, Mr.  
11 Radatz, we're going to try to keep the comments to about,  
12 you know, three minutes or so, if that works for you. We'll  
13 be flexible. But I can't read that clock very well because  
14 there's a shine on it from here. But if somebody could  
15 help --

16 UNIDENTIFIED SPEAKER: It says ten minutes to  
17 5:00.

18 MR. HOLLOWELL: Pardon me?

19 UNIDENTIFIED SPEAKER: It says ten minutes to  
20 5:00.

21 MR. HOLLOWELL: All right. Thank you. Thank you.  
22 All right. Mr. Radatz?

23 MR. RADATZ: My name is Robert Radatz. It's  
24 R-a-d-a-t-z. I want to make a couple quick comments here  
25 about Senate Bill number 1278 and 1279. One of them goes to

1       where you have the opportunity of your medical benefits.  
2       The State of Michigan is already in a financial bind and, if  
3       young adults are allowed to make the decision to have a  
4       limited coverage on medical, most of them are going to opt  
5       out and take the limited to get cheaper insurance. As a  
6       result, I feel that that would put a big strain on the State  
7       of Michigan.

8               In 1977 my wife was hit head on and she is now  
9       permanently disabled. She has a brain trauma, which with a  
10      brain trauma causes a lot of other body problems. The  
11      insurance company, which ours is Allstate -- and I can't  
12      touch on everything I've got written down. I handed out  
13      it's called "Rob's Experience With Allstate." The commercial  
14      reads or says, "You're in good hands with Allstate." I find  
15      you're in hell with Allstate. Allstate spends more money  
16      with attorneys getting their IME's. Personally I think they  
17      go out and pick certain doctors to get doctors to say what  
18      they want. They spend more time -- more money fighting than  
19      they do paying what they should pay.

20             Now, the second adjuster we had, she called the  
21      house and told me to, "Do us all a favor and just put your  
22      wife in a home." Lately, about a year and a half ago, the  
23      doctor ordered a treadmill for my wife because she needs to  
24      keep mobile. The adjuster told me to go to Wal-Mart and buy  
25      a cheap one and make it -- modify it to make it safe.

1                   When my wife had the accident, my youngest kids  
2                   were 3 and 4. For the first ten years after the accident I  
3                   was unable to take them on vacation and do much with them.  
4                   My brother got time off work. All of a sudden he wanted to  
5                   take me and the boys up north to go canoeing. I called our  
6                   adjuster to get someone at the house 24 -- because she needs  
7                   24 hours care, and she told me no. So after yelling at her  
8                   on the phone, she told me to go to her doctor, get a doctor  
9                   order, send it in with three people I want at the house  
10                  while I'm gone. And she's got to pre-approve this before I  
11                  can go anywhere. So as a result of that, we are now in  
12                  litigation again. Lori's doctors always -- the script was  
13                  always 24-hour care. I've tried to work with the insurance  
14                  company. I never charged them 24-hour care up until a year  
15                  ago this past June where the company came up and they are  
16                  now supplying me to be able to have a 24-hour care even  
17                  though at this point Allstate is still fighting the 24-hour  
18                  care.

19                 The insurance company wants to raise rates. They  
20                 want to penalize people. Just because my daughter and my  
21                 son-in-law -- he lost his job -- she can't pay her light  
22                 bill, they're going to be penalized. It doesn't change  
23                 their driving habits. The state's got to look at a lot of  
24                 these bills that's coming before the Senate and the House  
25                 that the insurance company are trying to push through. I

1 don't have the numbers of all of them. But I assure you, if  
2 the insurance company would deal fairly, follow the doctor's  
3 notes, they'll find they're spending less money by  
4 fulfilling the doctor's care notes than they are their  
5 attorneys, the IME doctors and everything else they do to  
6 diminish what your doctors are saying. This time around in  
7 litigation my wife Lori had to go to another IME doctor.

8 MR. HOLLOWELL: Why don't you take about another  
9 30 seconds? We're trying to limit it to about three  
10 minutes.

11 MR. RADATZ: Okay. This IME doctor was supposed  
12 to do a neuropsych test, which is an eight-hour long test.  
13 Because this doctor's results didn't lean towards Allstate  
14 what they wanted to hear, in our last litigation meeting  
15 they're using an IME report back in 2005 because that one  
16 leans a little bit more to what they want to hear. They  
17 don't want to hear that she needs this care. I'm hoping the  
18 state gets involved in looking at all these issues. As I  
19 say, I hope you have a chance to read those 13 pages I  
20 handed you.

21 MR. HOLLOWELL: Mr. Radatz, I want to thank you  
22 for sharing what is obviously a very painful and difficult  
23 situation. And if you'd like, I'll have this marked. We'll  
24 have it entered into the record. It says "Robs Experience  
25 with Allstate." Is that what you would like?

1 MR. RADATZ: Yes.

2 MR. HOLLOWELL: All right. Thank you, sir.

3 MR. RADATZ: Thank you.

4 (Audience applause)

5 (Exhibit 2 marked)

6 MR. HOLLOWELL: Next I'd like to hear from John  
7 Prosser II.

8 MR. PROSSER: Good afternoon. My name is John  
9 Gwynne Prosser -- it's G-w-y-n-n-e -- Prosser,  
10 P-r-o-s-s-e-r, II. Thank you, Mr. Hollowell for convening  
11 this meeting.

12 MR. HOLLOWELL: You're welcome.

13 MR. PROSSER: Thank you for your touching story,  
14 Mr. Radatz. It was sadly moving, but nonetheless moving.  
15 When you opened your presentation, Mr. Hollowell, you  
16 focused on the no-fault -- the three pillars: simple, make  
17 you whole and lower rates. Often I think that when there's  
18 discussions about this particular topic we lose focus on the  
19 make you whole part, which is the human part, which is what  
20 I believe the legislature had in mind when they envisioned  
21 this visionary idea to adopt the no-fault model in Michigan.  
22 I believe that their focus was on the citizens of Michigan.  
23 It was about how can we erect this system that will best  
24 benefit the citizens if you happened to be the person that's  
25 injured in the automobile accident.



1           Imagine yourself having a brain injury, imagine  
2           yourself having a spinal cord injury. It's through that  
3           lens that I believe we as citizens need to decide these  
4           issues.

5           I've worked for the past 15 years as the vice  
6           president of Health Partners Home Care, and we specialize in  
7           serving patients that have brain injuries and spinal cord  
8           injuries from auto accidents. I'm also a member of the  
9           Michigan Brain Injury Providers Council, which is made up of  
10          providers that serve that population as well. It is our  
11          opinion that in fact many of our citizens in Michigan pay  
12          excessive rates. It is our opinion that there is not nearly  
13          enough regulation to serve the citizens of Michigan with  
14          regards to insurance companies. I could talk to you for an  
15          hour straight and never take a breath about the families  
16          that have been mistreated in their experience with their  
17          insurer.

18          I think it's interesting to note the gentleman  
19          from Mackinac Center said that we have generous benefits.  
20          No, we don't. We have the ideal model. And that model is  
21          funded by our premiums. It is our system. The insurance  
22          companies merely collect the premium dollars and they pay  
23          the claims. Now, let me just say that there are some very  
24          good insurance companies. I've had a great experience with  
25          many of them. But certainly there's those that are on the

1       other side of the equation as well. And I think that's the  
2       part that we're talking about. We need firm regulation to  
3       insist that insurance companies treat our citizens with  
4       respect and dignity.

5               I believe that many of Michigan's citizens are  
6       unfairly burdened with paying extraordinary automobile  
7       insurance rates. And as I'm sure you are aware, Michigan  
8       rates have risen dramatically, a whopping 69 percent, since  
9       1989, which is in fact the highest rate of increase in the  
10      nation. This is happened at the same time that our  
11      automobile insurance industry is enjoying great prosperity  
12      and record profits. Fine. I believe that current  
13      conditions that have made automobile insurance unaffordable  
14      for far too many citizens in Michigan. And clearly this  
15      circumstance is unacceptable.

16             As to why I believe Michigan no-fault automobile  
17      insurance, specifically the PIP benefit is very important,  
18      let us start with the fact that the Michigan law is very  
19      unique, and it's special in its uniqueness. Michigan has a  
20      very special catastrophic fund which is funded by drivers.  
21      So all the money that's in our catastrophic fund which pays  
22      for all of the services and benefits for the care, the  
23      recovery and the rehabilitation of citizens that are injured  
24      in automobile accidents comes out of our pocket. We the  
25      citizens put the money into that fund. Insurance companies

1           in fact are capped at about \$425,000 on what they'll ever  
2           spend.

3                       Here's an interesting question: How many people  
4           ever cross that threshold on an annual basis? I've been led  
5           to believe it's about 1400. I've been led to believe  
6           there's about 7.2 million insured automobiles in Michigan.  
7           Do the math on the premiums. I think we're somewhere around  
8           10 to \$12 billion collected. And I've been led to believe  
9           that there's less -- of all the other remaining claims, less  
10          than 95 percent cross the \$50,000 threshold. I'd say that's  
11          a mighty fine system.

12                      The gentleman from Mackinac said it's generous  
13          benefits. No. It's a visionary legislature that designed  
14          the ideal model. And the fact that other states are not  
15          with this revolutionary idea just shows that they are  
16          behind.

17                      I have very good news. I have written a book  
18          regarding this topic and I've published a video that's  
19          online. And I've been traveling the country giving  
20          presentations to different organizations as well as state  
21          legislatures. I am very confident that the State of Florida  
22          is going to move to adopt the Michigan model. As a state,  
23          they spend \$16 billion on Medicaid. They have 30,000  
24          incapacitated auto accident victims, and they have a  
25          no-fault system that has a \$10,000 benefit. When I went

1 down there at the request of the governor to meet with his  
2 Medicaid people, they were astonished. And you know why?  
3 Because they'd never heard about the Michigan model. We  
4 spend \$8 billion in Michigan on Medicaid. If our citizens  
5 were to be subject to some of the Senate bills like PIP  
6 Choice, they're going to end up in the Medicaid pool.  
7 They're going to go bankrupt due to Medicaid bills and  
8 they're going to suffer unnecessarily. And it's simply not  
9 the appropriate thing.

10 I believe that our law is the finest win-win  
11 dynamic possible for citizens when there's proper oversight  
12 of the insurance industry. Our law here in Michigan honors  
13 citizens with unlimited medical benefits, including  
14 aggressive and long-term rehabilitation services. Our  
15 insurance scheme is significant because it is funded by  
16 drivers for drivers. Our system prevents citizens from  
17 filing bankruptcy due to medical bills, and it prevents them  
18 from falling into Medicaid and the inadequate medical  
19 benefits that they would get from that portion of the  
20 system. This fact alone saves our state hundreds of  
21 millions of dollars.

22 MR. HOLLOWELL: I did want to bring it to a close.  
23 We do have a lot of other people that want to testify. But  
24 one thing is I didn't get, what's the name of the book?

25 MR. PROSSER: The Educated Consumers Guide to

1           No-Fault Automobile Insurance.

2                   MR. HOLLOWELL:   Say that one more time.

3                   MR. PROSSER:   The Educated Consumers Guide to  
4           No-fault Automobile Insurance and How America Can Save  
5           Billions -- I don't expect you to write this down, Mr.  
6           Hollowell.

7                   MR. HOLLOWELL:   It'll be on the transcript.

8                   MR. PROSSER:   I'll be happy to give you a copy of  
9           the book.   But the idea is that we can save hundreds of  
10          billions of dollars in Medicaid costs at the same time that  
11          we're giving citizens all of the things that they need to be  
12          cared for when they're catastrophically injured.

13                   It's our opinion as the Michigan Brain Injury  
14          Provider Council that we should preserve and protect the law  
15          and certainly strengthen it with the proper oversight of a  
16          watchdog, whether that's the insurance commissioner or the  
17          legislature, but something needs to be done to look into  
18          excessive rates for citizens and to protect these benefits  
19          and make sure that insurance companies treat citizens with  
20          respect and honor.

21                   MR. HOLLOWELL:   Thank you.

22                   MR. PROSSER:   Thank you.

23                   MR. HOLLOWELL:   Thank you for your testimony.

24                   (Audience applause)

25                   MR. HOLLOWELL:   All right.   Next -- well, we've

1           already heard from Mr. Olson. Now we'd hear from Lynn  
2           Brouwers.

3                       MS. BROUWERS: My name is Lynn Brouwers, and  
4           that's spelled L-y-n-n B-r-o-u-w-e-r-s. I'm Lynn Brouwers,  
5           and I have over 25 years experience as a nonprofit medical  
6           rehabilitation provider working with people that have had  
7           catastrophic injuries and more mild injuries. I worked for  
8           Spectrum Health Hospitals in Grand Rapids for 20 years. I  
9           worked for Mary Free Bed Rehabilitation Hospital in Grand  
10          Rapids for seven years. And I'm just starting a new job in  
11          the Ann Arbor area where I will continue to work in medical  
12          rehabilitation. I'm also an accreditation surveyor for the  
13          Commission on Accreditation of Rehabilitation Facilities.  
14          And in that role I get to fly all over the country and  
15          accredit rehabilitation hospitals and rehabilitation  
16          programs. So I do have some understanding of the access  
17          issues that people have in other states.

18                      I'd like to make on the affordability of  
19          insurance. I do agree that more regulation and oversight is  
20          necessary. I hear the insurance industry say that we have  
21          the Cadillac of all insurance, because the medical benefit  
22          does not run out and leave people in a situation where they  
23          have to utilize their life savings, they have to utilize  
24          their college education savings for their kids, they have to  
25          become bankrupt and have less than \$2,000 saved to qualify

1           for Michigan Medicaid so that their son or daughter or  
2           husband or wife get to continue to have the medical care  
3           that they need.

4                     Our insurance in Michigan covers necessary care  
5           and it covers it long-term. And we get all of that for a  
6           cost which is actually average for all of the states when it  
7           comes to the liability portion of our insurance. I would  
8           say that we are paying for a Saturn and getting what people  
9           need regardless of the severity of their injury. And,  
10          Butch, I think you're looking at what is affordable for  
11          consumers and not what is desired by the insurance companies  
12          who want to limit their risk.

13                    MR. HOLLOWELL: That is what I'm interested in,  
14          consumers.

15                    MS. BROUWERS: Yeah. You know, consumers, when --  
16          we have this shared risk pool and we all pay into it. I  
17          think this year it's \$104 a year that we pay in per car.  
18          And, you know, this allows us to insure ourselves. It also  
19          allows us to, you know, get services in an immediate basis.  
20          And this is where I'm coming to my main point as a rehab  
21          provider. You know, how can we pay less and get more? Why  
22          is it that here in Michigan we have this benefit that allows  
23          people to get services for the period of time that they need  
24          services? Why can we do that and not other states?

25                    And I want to put a plug in for the no-fault

1       system. You know, in a tort system where people have to  
2       sue, people have to wait years for their lawsuits to finish  
3       to award them with the money that they need to pay for their  
4       past and their future bills. And when people wait and don't  
5       get the care that they need, their condition becomes more  
6       complex and it becomes more expensive. It is a primary rule  
7       in medical rehabilitation and many other forms of  
8       rehabilitation or health care that, if you get to the  
9       problem early, you can minimize the disability, you can  
10      minimize the expense, you can get people staying in an  
11      active productive pattern of citizenship as opposed to being  
12      in a dependent pattern of citizenship.

13               So our system allows people to get what they need  
14      right away, and they don't have to stay disabled for a  
15      two-year lawsuit. I mean, honestly that does happen where  
16      people have bills in other states and people have to stay  
17      acting disabled even if they're recovering more, because  
18      they've got these terrible medical bills and they have to  
19      win their lawsuits to pay for their medical bills or go  
20      bankrupt and go on Medicaid. So it's a terrible kind of  
21      double circle.

22               Our system does not have to pay attorneys on both  
23      the insurance side and on the injured person's side except  
24      in cases where people don't get the type of service that  
25      they need, which we heard about before. In those other tort



1 states, this can be up to 20 -- excuse me -- 30 percent of  
2 the award. So if someone has an injury that's going to be a  
3 multi-million dollar injury, 30 percent of that award is  
4 going to go to the attorney and there will be legal bills on  
5 the part of both the person who was injured and the  
6 insurance company.

7 So I want to put in a plug for the no-fault kind  
8 of system that allows people to get better as fast as  
9 possible, not worry about their medical bills and continue  
10 on with life. Thank you.

11 MR. HOLLOWELL: Thank you very much for your  
12 testimony.

13 (Audience applause)

14 MR. HOLLOWELL: Next we'll here from Mark Wilson.

15 MR. WILSON: Hello. my name is Mark Wilson.  
16 Again, and my spelling is M-a-r-k W-i-l-s-o-n.

17 MR. HOLLOWELL: Thank you for being here.

18 MR. WILSON: You're welcome. Thank you for  
19 putting this hearing on and giving us a chance to voice our  
20 concern. I work for the Lighthouse, which is a family-owned  
21 business, and the Lighthouse provides services to  
22 individuals with traumatic brain injuries. That's what we  
23 specialize in.

24 I'm the marketing director. I'm also a social  
25 worker. I take most of the admission calls. And almost

1 every day I get a call from families asking for our services  
2 that don't have no-fault that suffered a brain injury from a  
3 gunshot wound. And I have to tell them no, because they  
4 can't afford our services. It's sad. I hate to tell them  
5 that. I tell them to go to Medicaid. I tell them to go to  
6 Community Mental Health and start a long process and fight  
7 for their care. I just can't imagine modifying the medical  
8 benefits for someone right now with a brain injury. I just  
9 can't imagine that. And that's, you know, what I'm worried  
10 about, and that's why I'm here.

11 I heard your speech here on the no-fault. You  
12 pointed out the bedrock of the deal on the no-fault. And  
13 one of the things was was the unlimited care. And so we  
14 made a deal back in 1973. We gave up that right to sue, and  
15 so that that's the bedrock. So I think we've got to be real  
16 careful on whether we're going to modify the unlimited  
17 medical. They've already modified it. They've already  
18 changed it. And as a result it's made it tougher for  
19 individuals to get coverage or to get services -- needed  
20 services.

21 MR. HOLLOWELL: If you talk about that for a  
22 minute, what do you mean? Expound on when you say they made  
23 it tougher. In what way?

24 MR. WILSON: Well, they instituted the  
25 coordination of benefits. When you go purchase insurance

1 right now, they're supposed to tell you or offer you  
2 uncoordinated or coordinated benefits. Uncoordinated  
3 coverage means the auto insurance is primary after an auto  
4 accident. Coordinated benefits means your health insurance  
5 is primary. And if you have an HMO, which many people do,  
6 which is out of their control -- if you go to work for  
7 someone that has HMO insurance, you have to stay within that  
8 system. You have to be within that network. You can't go  
9 out of network. So and most rehabs like ours are not funded  
10 by the HMO's. And if we were funded, it would be capped.  
11 So that's just one example.

12 MR. HOLLOWELL: Okay. Thank you very much.

13 MR. WILSON: You're welcome.

14 MR. HOLLOWELL: We appreciate your participating.

15 (Audience applause)

16 MR. HOLLOWELL: Next I'd like to hear from Sam  
17 Howell. Is Sam Howell here?

18 MR. HOWELL: We're going to probably -- there's  
19 three of us together.

20 MR. HOLLOWELL: Okay. So I see that Sam Howell,  
21 Jim Howell and Maureen. All right. So because there are  
22 three of you, without objection, three can come up. No  
23 problem?

24 MR. GARCIA: No.

25 MR. HOLLOWELL: And so if all three of you give

1           your names and your spellings so that we can get it properly  
2           for the record.

3                       MR. HOWELL:   Right.   Jim Howell, J-i-m  
4           H-o-w-e-l-l.   And I'll start.   We'll try not to repeat  
5           ourselves, Mr. Hollowell.

6                       MR. HOLLOWELL:   That's fine.

7                       MR. HOWELL:   First of all, let me give you a  
8           little background.   I'm an attorney.   I've represented both  
9           insurance companies and injured people regarding no-fault  
10          benefits.   I'm a former State representative, chairman of  
11          the judiciary committee for four years.

12                      MR. HOLLOWELL:   That's where I know you from.

13                      MR. HOWELL:   We've had breakfast before, yes.

14                      MR. HOLLOWELL:   Yes.

15                      MR. HOWELL:   And most importantly, I'm the father  
16          of a catastrophically injured son.   This occurred after I  
17          left the legislature.   This occurred about two months  
18          afterwards.   And the only thing I can honestly say is I am  
19          glad that I was supportive of the no-fault system when I was  
20          in position to do so.

21                      As has been said before, the no-fault system was a  
22          tradeoff.   And we gave up some rights and we picked up some  
23          rights in it.   While I believe that the rate reduction goal  
24          that you have is certainly laudatory, I would just strike a  
25          cautionary note.   Many of us while I was in the legislature

1           talked about this very issue as to what we could possibly do  
2           about it.

3                       I want to make a couple of observations. First of  
4           all, we've seen some court corrections to the system outside  
5           of legislation, but we haven't seen a reduction in the  
6           premiums based on the court so-called correction. There are  
7           currently two bills before the House of Representatives, to  
8           name just two, that will change allowable expenses that  
9           would make it more difficult for families to care for their  
10          injured members, as well as PIP Choice. Both of those I  
11          believe to be mistakes in the long run for the citizens of  
12          Michigan. And that's really what we're talking about.  
13          We're not just talking about my son. We're talking about  
14          all our children. We're talking about our spouses. We're  
15          talking about our grandparents. We're talking about a lot  
16          when we talk about this.

17                     I've heard that we have the best system in the  
18          United States. Well, bless us for that. I don't think  
19          that's a detriment that we happen to have the best system in  
20          the United States. I understand that there are certain  
21          areas, particularly certain areas of this state where  
22          insurance premiums are inordinately high. But I'm not sure  
23          and I've never been convinced of the fact that the rates are  
24          not related to reasons unassociated with the medical care  
25          that no-fault provides. And I would also say that as some

1 of the other speakers have said, all we're going to is end  
2 up shifting the cost. Somebody's going to pay for this.  
3 We're not a society that allows our people to be put out  
4 behind a building and left. So, therefore, some payment is  
5 going to have to be made. And that payment will either be  
6 made through Medicaid or other government assistance. So  
7 what we're talking about is devastating the system and  
8 basically leaving those who need the relief the most without  
9 any method of doing so.

10 Speaking a little bit about the PIP Choice, what  
11 concerns me there is we're going to limit the pool of  
12 those -- in my particular case, I would buy unlimited  
13 coverage.

14 MR. HOLLOWELL: You would buy limited or  
15 unlimited.

16 MR. HOWELL: Unlimited --

17 MR. HOLLOWELL: Unlimited.

18 MR. HOWELL: -- coverage. But I'll tell you, when  
19 I was in the legislature, one of the biggest problems I had  
20 with insurance is the general public doesn't understand  
21 their options, never did. They don't understand under  
22 insured motorists, they don't understand all of the, you  
23 know, broad coverage, limited collision coverage, those type  
24 of things. They don't understand them. And unless those  
25 are explained to them in great detail, they won't even know

1           what they're giving up. And oftentimes the people that can  
2           least afford to give it up are going to be the ones giving  
3           it up. And that I find just totally untenable.

4                       Now I'd like to pass this over to my wife. She  
5           can tell you a little bit more about our personal  
6           experience, and then lastly my son.

7                       MR. HOLLOWELL: Thank you, Mr. Howell.

8                       MS. HOWELL: Thank you for inviting us here today.

9                       (Audience applause)

10                      MS. HOWELL: My name is Maureen Howell, and I was  
11           a critical care nurse at the time that this happened to my  
12           son. I've managed trauma unit, I've been an educator for  
13           neuro nursing. And we never dreamt that our incredibly  
14           genius son would be affected by such an incident. He at age  
15           15 started delving into the cause of a disease that his  
16           sister has. It's quite serious, an unknown caused disease.  
17           And by age 17 he had found the cause of the disease, went on  
18           to win the International Science Fair, and right after  
19           graduation was invited to go work at Harvard with a doctor  
20           there that specialized in this type of disease to confirm  
21           his findings, which have been confirmed and are going to be  
22           published in the Journal of Investigative Dermatology.

23                      So we're talking about a genius child. We're  
24           talking about someone who never, you would presume, would  
25           have something like this happen, like it would never happen

1           to any of us. It does. When Sam and I go to various camps  
2           and to Brain Injury Association meetings, there are  
3           engineers there, there are nurses, there are doctors, there  
4           are educators, there are foundry workers, there are  
5           children. It happens to everyone. And God praise that none  
6           of you in this room that have not suffered the type of  
7           injury like this in your family ever have to suffer what our  
8           entire family has.

9                       When Sam was injured, he had a 98 percent chance  
10           of mortality going into the ER. After that point, he  
11           suffered many complications, and five different times our  
12           respected internist begged us to make him a do not  
13           resuscitate case, and we refused. We told him that God had  
14           given Sam life and God would take it away regardless of what  
15           we did.

16                      Our insurance coverage -- our medical insurance  
17           coverage covered Sam's intensive care stay. Once he was  
18           able to go to rehabilitation, he still was acutely ill and  
19           he needed to go to a good facility. And at that point our  
20           insurance balked. They said no. He has to be a Rancho five  
21           or six. And a Rancho scale tells how you can operate using  
22           your brain. A Rancho five or six, for instance, is someone  
23           is confused but can walk and talk.

24                      MR. HOLLOWELL: Would you spell that, a Rancho?

25                      MS. HOWELL: R-a-n-c-h-o. And it's just a way of



1       determining people's levels of recovery from brain injury.  
2       A Rancho five or six is someone who is confused, yet can  
3       work with the system. They can walk, they can talk. They  
4       aren't back to normal. However, Sam was a Rancho two. He  
5       was randomly blinking. He was not moving a muscle. And  
6       they said, "Unless he can work for four hours a day  
7       participating in rehab, he is not going to any  
8       rehabilitation unit."

9               And Jim knew people in Blue Cross, and he fought  
10       with everybody. And it was "No. No, he cannot receive  
11       these services." Our insurance company that has been very  
12       good to us, Cincinnati Insurance, said, "We'll give you a  
13       chance. We'll give him one month. We'll pay for one month  
14       and we'll see how he does." And so Sam got into the  
15       facility and Dr. Perlman, who's just a genius, down at St.  
16       Joe's, took Sam. It was the only facility that would take  
17       someone in Sam's state other than New Jersey -- in Sam's  
18       condition other than New Jersey. And so we found a place in  
19       Michigan. They let me stay right by his bedside. And  
20       within one week of brain stimulants that were given to Sam,  
21       he started to move his right toes to command and very, very,  
22       very slowly recovered.

23               Now, mind you, if he had had to go on Medicaid,  
24       their requirements are even more stringent. Not only do you  
25       have to be a Rancho five or six, you have to be able to

1       operate with standby assistance. Sam maybe a year ago --  
2       and his injury was three and a half years ago -- maybe a  
3       year ago got to the point of standby assistance in some of  
4       his activities.

5               We turned Sam every two hours because he couldn't  
6       move his body for two years, Jim and I did. Sam is never  
7       alone. Jim or I are always with him. He requires that kind  
8       of care. We couldn't imagine what this was like. And even  
9       though you're hearing this and I know you're empathetic to  
10      us, I worked with burn patients, and I was a very empathetic  
11      nurse. I worked with trauma patients, and I kind of thought  
12      I knew how it would feel to have this happen in my family.  
13      I used to try to imagine it, and you can't. Unless you've  
14      been through it, there's no way you can wrap your heart  
15      around such a catastrophic horrible incident.

16             I can only imagine how much worse it could be if  
17      we lived in another state. And quite frankly, I would not  
18      move to another state purely because of what we have been  
19      through and the wonders that PIP has allowed to happen in  
20      our family, the miracle that has occurred. Sam remains on  
21      brain stimulants and will be on them for a very long time.  
22      He never would have gotten that in a nursing home. And on  
23      Medicaid Sam would have been in a nursing home. Quite  
24      frankly, in my heart I know Sam would not have survived and  
25      Jim and I would have gone bankrupt, because we would not

1           have let our son go lightly into the night. We would have  
2           done everything. We would have given the clothes off our  
3           back. We would have given our very lives to have this not  
4           happen to Sam.

5                       MR. HOLLOWELL: Take your time. Take your time.

6                       MS. HOWELL: My fear, like Jim said, is once  
7           people have that option of graduated benefits rather than  
8           catastrophic, they will move, because they'll think 500,000  
9           is a lot of money and that should take care of pretty much  
10          anything. Take a flight in a helicopter one time and see  
11          what that costs. Spend three weeks in ICU as a brain injury  
12          and see what that costs. The funds are gone very quickly,  
13          and after that you're on Medicaid. And I promise you, you  
14          will not be rehabilitating on Medicaid. You will be lying  
15          on bedsores in a nursing home. And that's what they will  
16          pay for. That's what you will have. I'm afraid that if  
17          great numbers of people choose varying amounts of coverage  
18          rather than catastrophic -- and mind you, it only is --  
19          what? -- \$104 a year for catastrophic. Our insurance  
20          company ended up paying 300,000 total. Beyond that Sam was  
21          covered by his catastrophic fund. So it didn't cost the  
22          insurance companies beyond that cap. It went right to  
23          catastrophic. I'm afraid that if people pick those varying  
24          levels it'll make catastrophic so expensive that you won't  
25          have the choice of catastrophic. People won't be able to

1       afford it, number one. And the very people who need it, the  
2       very young, especially young males that have the head  
3       injuries, the very young and the poor will be excluded from  
4       the system that can give people's lives back. We'll be  
5       excluding people on the base of money.

6               I know insurance prices are too high and something  
7       has to be done about it. But PIP is not anything that you  
8       want to mess with. The people here that are in wheelchairs  
9       and I assume have suffered similar injuries to Sam are part  
10      of a club you don't want to be a part of. You do not want  
11      to join this club. And God willing you won't. But should  
12      you join this club, God willing PIP is still intact and  
13      there for you, because truly it's your only chance of a full  
14      recovery. Using PIP is using a kinder gentle system. It's  
15      not lawsuits. It's there when you need it. And some  
16      statistics I saw showed that you have to wait five to seven  
17      years for your money to rehabilitate the person you love.  
18      And I can guarantee you as a neuro nurse you're not coming  
19      back after five to seven years. It's not going to happen.  
20      So basically we're warehousing our people if we make a  
21      choice to remove PIP availability to our citizens of  
22      Michigan. Thank you very much for listening.

23               (Audience applause)

24               MR. HOLLOWELL: Thank you for your courage. Thank  
25      you so much. Thank you so much.

1                   MR. HOWELL: Hi, everyone here. I am Sam Howell,  
2                   the son of the two good people behind me, as you know now.  
3                   And all I have to say is this is about people, not money.  
4                   What would money do for anything like this? I'm going to  
5                   college this January. And there's no way I would have been  
6                   able to if not for the catastrophic fund as well as PIP. I  
7                   hope that in Michigan, since this is going to be my home for  
8                   a long time, nothing like this ever changes, because it can  
9                   happen to anyone, even one of you in this room. Thank you.

10                   (Audience applause)

11                   MR. HOLLOWELL: Before you go -- before you go, I  
12                   just want to say what an inspiration all of you are. And,  
13                   Sam, the fact that you're going to college in January -- is  
14                   that what you said? What college will you be attending?

15                   MS. HOWELL: He's going to his community college,  
16                   Delta. But his intelligence is intact. He got a 94 percent  
17                   on a class he's taking online on calculus, and 104 percent  
18                   in psych. It's his motor function of his speech that -- and  
19                   his body, that imbalance, that is an issue. But we never  
20                   would have known that intelligence was still there or that  
21                   his personality was still there. And it's the same with  
22                   many people that are head injured. They just have to get  
23                   appropriate treatment and continued care.

24                   MR. HOLLOWELL: Well, I don't know if it's legal  
25                   to say this, but God bless you all.

1 MS. HOWELL: God bless you.

2 (Audience applause)

3 MS. HOWELL: I also want to say I'm so proud of  
4 Michigan. And I know we have dark days right now in a lot  
5 of the areas of Michigan, but we've got a shining pearl in  
6 PIP. And I pray God that that never goes away. We are an  
7 example for the rest of the country.

8 MR. HOLLOWELL: Thank you. Thank you so much.  
9 Those are all of the testimony cards that we have. So if  
10 there's no further testimony, then what I'm going to do at  
11 this point is going to read you the results of the audience  
12 poll.

13 Number one, "Have your auto insurance rates gone  
14 down in the last two years?" 29 percent of you said yes, 39  
15 percent said no, and 32 percent said don't know. Number  
16 two, "Should insurance companies be able to keep their  
17 privilege of being able to raise rates without first being  
18 reviewed and approved by the state insurance commissioner?"  
19 21 percent said yes, 74 percent said no, none -- 0 percent  
20 don't know.

21 Number three, "Should insurance companies be  
22 allowed to use your credit history, your occupation and your  
23 level of education in setting your rates?" 23 percent said  
24 yes, 71 percent said no, 3 percent said don't know. Number  
25 four, "Should insurance companies be allowed to sell your

1       personal information to third party marketing partners: a  
2       practice called data mining?" 3 percent said yes, 87  
3       percent said no, and 10 percent don't know.

4               Number five, "Nationally insurance company profits  
5       are at their highest levels in U.S. history. Should excess  
6       profits be used to lower premiums?" 55 percent said yes, 32  
7       percent said no, .065 percent don't know. Six, "Should the  
8       state insurance commissioner be allowed to order refunds to  
9       the public if he or she finds complains have over-charged  
10      the public?" 68 percent said yes, 29 percent said no, and 3  
11     percent don't know.

12             Number seven, "If you did not have access to an  
13     automobile, could you get to work by public transportation?"  
14     48 percent said yes, 48 percent said no, 3 percent don't  
15     know. And number eight, "If you did not have access to an  
16     automobile, would this limit your future employment  
17     prospects?" 77 percent said yes, 19 percent said no, and 3  
18     percent don't know.

19             If there is no more testimony and if there's any  
20     other comments from our co-chairs, I'd just like to take  
21     this opportunity to thank all of you from taking the time  
22     out of your busy schedules to share with us this  
23     information. We will take this information and we will put  
24     it to good use. We will come up with some recommendations  
25     to make the system better. And you're a vital part of that

1 process. And on behalf of the State, I'm very grateful for  
2 you. So that concludes the hearing. Thanks again and drive  
3 safe on your way home.

4 (Audience applause)

5 (Exhibit 3 marked)

6 (Hearing concluded at 5:31 p.m.)

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